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Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 L-03 FRB-03 OMB-01
ITC-01 SP-02 AGRE-00 AID-05 CIAE-00 COME-00
INR-07 LAB-04 NSAE-00 OIC-02 EPG-02 SIL-01 STR-04
TRSE-00 CEA-01 USIE-00 INRE-00 AF-10 ARA-06 EA-07
NEA-10 SSO-00 /102 W
----------021923Z 096857 /50
O R 021733Z MAY 77
FM USMISSION GENEVA
TO SECSTATE WASHDC NIACT IMMEDIATE 6996
INFO AMEMBASSY LONDON

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DEPT FOR ASST. SEC. JULIUS KATZ

E.O. 11652: N/A
TAGS: UNCTAD, ETRD
SUBJ: UN SUGAR CONFERENCE - STABILIZATION FUND PROPOSAL

1. ATTACHED ARE PROPOSED DRAFT ARTICLES FOR STABILIZATION FUND UNDER ISA WHICH U.S. DEL INTENDS SUBMIT AFTER UNOFFICIAL CONSULTATION WITH SEVERAL KEY DELEGATIONS. AS RESULT OF CONSULTATIONS, DEL MAY WISH TO MODIFY DRAFT. ARTICLES SET FORTH ONLY BASIC CONCEPTS, AND OBVIOUSLY WILL REQUIRE ELABORATION AND TECHNICAL CORRECTION. PROPOSAL EMBODIES EQUAL CONTRIBUTIONS BY IMPORTING COUNTRIES (EXCEPT POOREST) AND DEVELOPING REPEAT DEVELOPING EXPORTERS. IMPORTER CONTRIBUTIONS WOULD BE DUE WITHIN A TIME TO BE SPECIFIED AFTER ENTRY INTO FORCE, WHILE EXPORTER CONTRIBUTIONS NOT DUE UNTIL PRICE IS ABOVE FOUR CENTS ABOVE MINIMUM (WHEN THEY WOULD BE BETTER ABLE TO PAY). ONLY DEVELOPING EXPORTERS CAN RECEIVE LOANS AND ONLY TO FINANCE SPECIAL STOCKS.
FUND WOULD BE AUTHORIZED TO BORROW ON CAPITAL MARKETS INCLUDING IFIS (USING WAREHOUSE RECEIPTS PUT UP AS COL-
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LATERAL) TO INCREASE FUNDS AVAILABLE FOR LENDING.
DEVELOPED EXPORTERS NOT RPT NOT REQUIRED TO CONTRIBUTE TO FUND, SINCE THEY NOT ELIGIBLE FOR FINANCING AND THEREFORE ALREADY WILL BEAR FULL BURDEN FOR THEIR SPECIAL STOCK OBLIGATIONS, AS WELL AS THEIR GREATER MINIMUM STOCK OBLIGATIONS. FUND ARTICLES SHOULD BE READ IN CONJUNCTION WITH SPECIAL STOCKS ARTICLE ALREADY SUBMITTED AND POUCHED

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TO EB/TRP.

2. BEGIN TEXT:CHAPTER BLANK THE SUGAR STABILIZATION FUND

ARTICLEI. ESTABLISHMENT OF THE FUND

THERE IS ESTABLISHED A SUGAR STABILIZATION FUND
UNDER THE Y OF THE COUNCIL, WITH HEADQUARTERS AT

THE SEAT OF THE INTERNATIONAL SUGAR ORGANIZATION.

ARTICLE II. PURPOSE OF THE FUND
THE PURPOSE OF THE FUND SHALL BE TO ASSIST DEVELOPING
EXPORTING MEMBERS TO MEET THEIR SPECIAL STOCKING OBLIGATIONS
UNDER ARTICLE BLANK.

ARTICLE III. THE MANAGER OF THE FUND
THE COUNCIL SHALL APPOINT A MANAGER OF THE FUND, WHO
SHALL BE RESPONSIBLE FOR THE DAY TO DAY OPERATION OF THE FUND.
THE MANAGER MAY, WITH THE APPROVAL OF THE COUNCIL, APPOINT
SUCH TECHNICAL STAFF AS ARE NECESSARY TO ASSIST HIM.

ARTICLE IV RESOURCES OF THE FUND
A. IMPORTING MEMBERS WHOSE PER CAPITA GROSS NATIONAL PRODUCTS
EXCEED 600 DOLLARS SHALL CONTRIBUTE TO THE FUND (THE COST
EQUIVALENT OF 500,000 TONNES OF SUGAR VALUED AT Y CENTS/LB)
APPORTIONED AMONG THEM ACCORDING TO THEIR VOTES DETERMINED
UNDER ARTICLE 10. SUCH CONTRIBUTIONS, IN THE FORM OF FREELY CON-
VERTIBLE CURRENCY OR NOTES PAYABLE ON DEMAND IN FREELY CONVERTIBLE
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CURRENCY, SHALL BE DUE WITHIN (BLANK) AFTER ENTRY INTO FORCE
OF THE AGREEMENT.
B. DEVELOPING EXPORTING MEMBERS SHALL CONTRIBUTE TO THE FUND
(THE CASH EQUIVALENT OF 500,000 TONS OF SUGAR VALUED AT Y CENTS
PER POUND), APPORTIONED AMONG THEM IN ACCORDANCE WITH THEIR
BQGZRT SHARES DETERMINED UNDER ARTICLE 32. SUCH CON-
TRIBUTIONS, IN THE FORM OF FREELY CONVERTIBLE CURRENCY OR NOTES PAYABLE

ON DEMAND IN FREELY CONVERTIBLE CURRENCY, SHALL BE DUE WITHIN (BLANK)
AFTER ENTRY INTO FORCE OF THE AGREEMENT OR WITHIN (BLANK DAYS)

AFTER THE PREVAILING PRICE FIRST EXCEEDS X PLUS 4 CENTS PER POUND,
WHICHEVER IS THE LATER DATE.

C. THE FUND MAY INCREASE ITS RESOURCES THROUGH SUPPLEMENTARY
CONTRIBUTIONS FROM ANY SOURCE AND THROUGH BORROWING FROM PUBLIC
AND PRIVATE FINANCIAL INSTITUTIONS. ANY SUCH BORROWING SHALL

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BE APPROVED BY THE COUNCIL.

D. INTEREST ON LOANS MADE BY THE FUND OR ON ANY INVESTMENT OF SURPLUS FUNDS APPROVED BY THE COUNCIL SHALL BE ADDED TO THE RESOURCES OF THE FUND, UNLESS THE COUNCIL DECIDES TO RE-DISTRIBUTE SUCH AMOUNTS TO MEMBERS IN ACCORDANCE WITH THEIR CONTRIBUTIONS TO THE FUND.

ARTICLE V LENDING BY THE FUND
A. LOANS FROM THE FUND SHALL BE MADE AVAILABLE ONLY FOR THE PURPOSE OF FINANCING SPECIAL STOCKS TO DEVELOPING EXPORTING MEMBERS IN PROPORTION TO THEIR SPECIAL STOCKING OBLIGATIONS UNDER ARTICLE BLANK.

B. LOANS SHALL BE MADE ONLY IF NEGOTIABLE WAREHOUSE RECEIPTS FOR SUGAR IN SPECIAL STOCKS ARE PROVIDED TO THE FUND AS COLLATERAL FOR THE FULL PRINCIPAL AMOUNT OF THE LOAN, VALUING
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SUCH COLLATERAL AT NOT MORE THAN THE MINIMUM PRICE.

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C. ALL LOANS SHALL BE SUBJECT TO REPAYMENT ON DEMAND WHENEVER THE PREVAILING PRICE IS AT OR ABOVE X PLUS 4, PROVIDED THAT ANY OUTSTANDING BALANCE, INCLUDING INTEREST DUE, SHALL BE IMMEDIATELY REPAID TO THE FUND WHENEVER THE PREVAILING PRICE IS AT X PLUS 8 OR ABOVE.

D. THE RATE OF INTEREST CHARGED ON LOANS FROM THE FUND SHALL BE SUCH AS TO ASSURE THAT THE FUND IS SELF-SUSTAINING WITHOUT ADDITIONAL CONTRIBUTIONS.END TEXTSORENSON

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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 22 May 2009
Disposition Event:
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